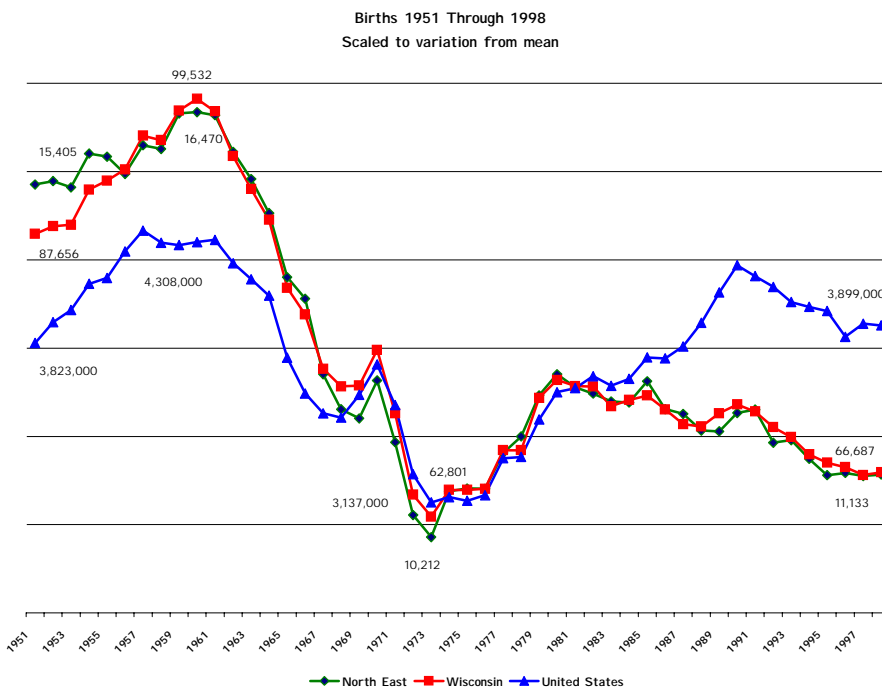


## Northeast Wisconsin

I would like to start today with an introduction about why this economic development is such an important issue for the State in general and then get quickly into northeastern Wisconsin, in particular.

- The state is losing young people particularly our college educated young people at an alarming rate.
- Wisconsin has one of the highest female labor force participation rates in the United States. While that is not a problem by itself, it comes with considerable cost in terms of families.
- Related to this high labor force participation rate for females, is an increasingly low birth total for the state.
- Wisconsin has a very high concentration of employment in manufacturing, which in and of itself is probably desirable, but it makes us very vulnerable in economic downturn cycles such as we are presently going through.
- Closely related is the fact that Wisconsin companies are often targets for takeover by other firms, particularly firms located outside of Wisconsin and often outside of the country. By itself, not much of a problem, but when those firms are considering downsizing, the Wisconsin operations are much more vulnerable than the home of-

fice sites.



- We have a very large Baby Boom age cohort that is fast approaching retirement age. The oldest of Baby Boomers is now 56 years old.

- Income levels for the state are not keeping up with national trends, but even more troubling, they are falling farther and farther behind our neighbor states of Minnesota and Illinois.

And, you're maybe wondering why we think a regional approach is so important to Wisconsin. The most important reason is that Wisconsin's population is extraordinarily dispersed throughout the State. Minnesota, for example, has five metro areas and or metro counties, where 69 percent of Minnesota's population lives. Wisconsin has fourteen metro areas or counties where 67 percent of our population lives. In Minnesota, however, 85 percent of the metro area population lives in the Twin Cities metro area. In Wisconsin, only 40 percent of our metro population live in the Milwaukee/Waukesha metro area. In Illinois the concentration is even more pronounced. Eighty-five percent of Illinois' population lives in the nine metro areas of the state and 70 percent of those people live in the Chicago metro area.

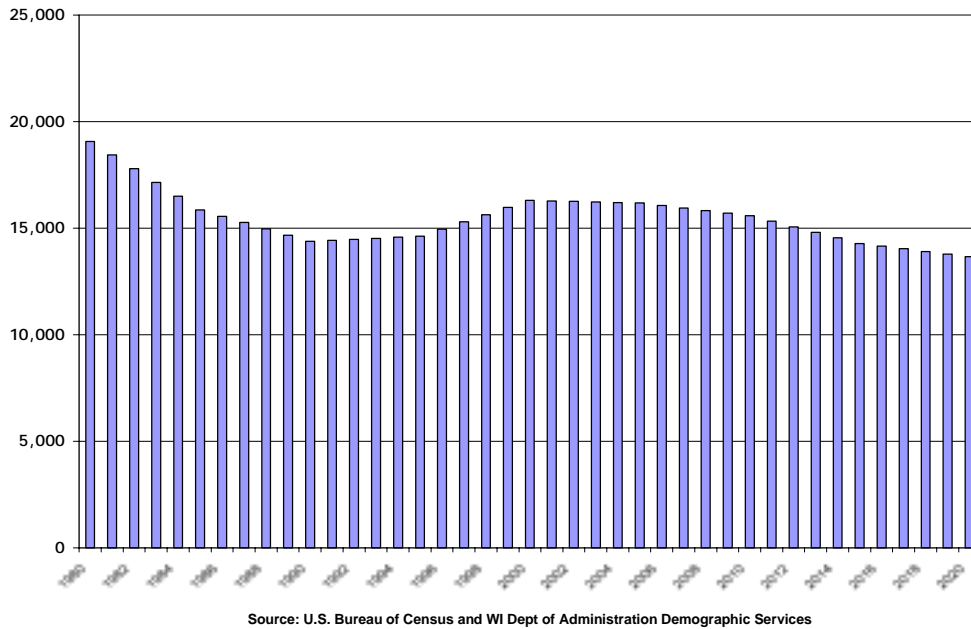
Northeast Wisconsin as we are calling this part of the state is not a specific entity. It is not even a loosely knit federation. It is most certainly not a bureaucratically designated zone. It is merely a geographic area of the state. Whether it contains this county or that county is of no great concern. What is of concern is that this area of the State of Wisconsin be given encouragement and support in its effort to grow and prosper. What I would like to share with you today is an outsider's view of your area. Again, I am not suggesting you all belong to each other. I am merely looking at a small "a" - area of the State of Wisconsin. Included in the data I'm looking at today are Brown, Calumet, Door, Florence, Fond du Lac, Forest, Kewaunee, Langlade, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano, Sheboygan, Wau-paca, and Winnebago counties.

First, let me tell you some things about yourselves. There are about 1,119,000 people living in this seventeen county area. This is about 21 percent of the state's population of 5,363,675 as of 2000. In the last 100 years, the period from 1900 to 2000, this area of the state has increased its population 148 percent, growing from 435,000 people to 1,079,500 people. During that same time span, the State of Wisconsin grew 159.2 percent, from 2,069,000 to 5,364,000. Since 1960, however, this area has grown faster than the State, going from 747,500 to 1,079,500, a 44.4 percent increase. The State was growing from 3,952,000 to 5,364,000, a 35.7 percent increase.

In a state that is aging very rapidly, this area is aging even more rapidly. The average age of the population in the northeast area of the state was 35.6 years in 1990. The state average age was 35.5. By 2000, the region had increased to 37.6 while the state increased to 36.8. By 2020, the northeast area will have an average age of 41.5. The state is expected to reach 39.9 by 2020. Several counties in northeastern Wisconsin will reach an average of 44 or more years of age. Door County will have an average age of a little over 46. The more urban counties, particularly Brown, Outagamie, Sheboygan, and Winnebago will have average ages near that of the state.

The reason for this is the juncture of two or three closely related demographic developments. First, the area is experiencing a dramatic change in the number of births. This graphic says it better than I can. We're looking at the United States, Wisconsin, and the northeastern area of Wisconsin. Notice in particular, the tremendous drop in births between 1951 and 1973 for

Northeast Region  
18 Years of Age  
1980-2020



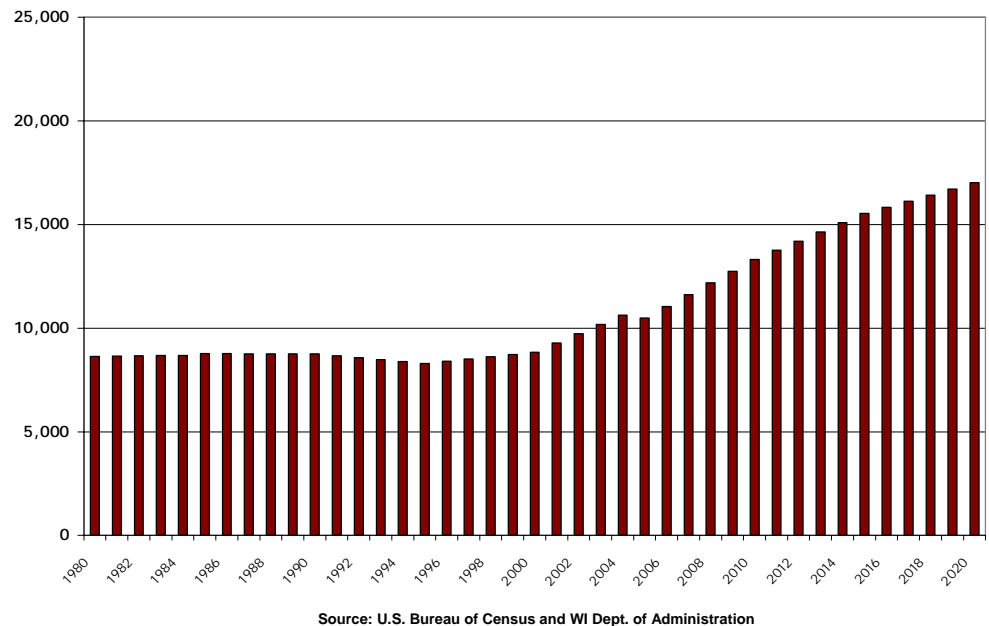
northeastern Wisconsin. From 19,216 to 12,948, a drop of 6,268, or 32.6 percent. For Wisconsin, the drop was also very dramatic, from 87,656 to 62,801, a 28 percent decrease. The United States, which went from 3,823,000 to 3,137,000, was a much less dramatic 17.9 percent decrease. There has been some recovery since 1973 for both the northeastern area of the state and the state itself, but both are far

short of the recovery for the United States.

What follows this reduction in births is a reduction in young people turning eighteen years old. Here is a graphic illustrating the number of young people turning eighteen. A considerable drop from 1980 to 1990, followed by an increase up to 2002, followed by a gradual reduction through 2020. Remember that the number of eighteen-year olds generally includes college students, who may not and often don't translate into labor market entrants for the location where they attend college.

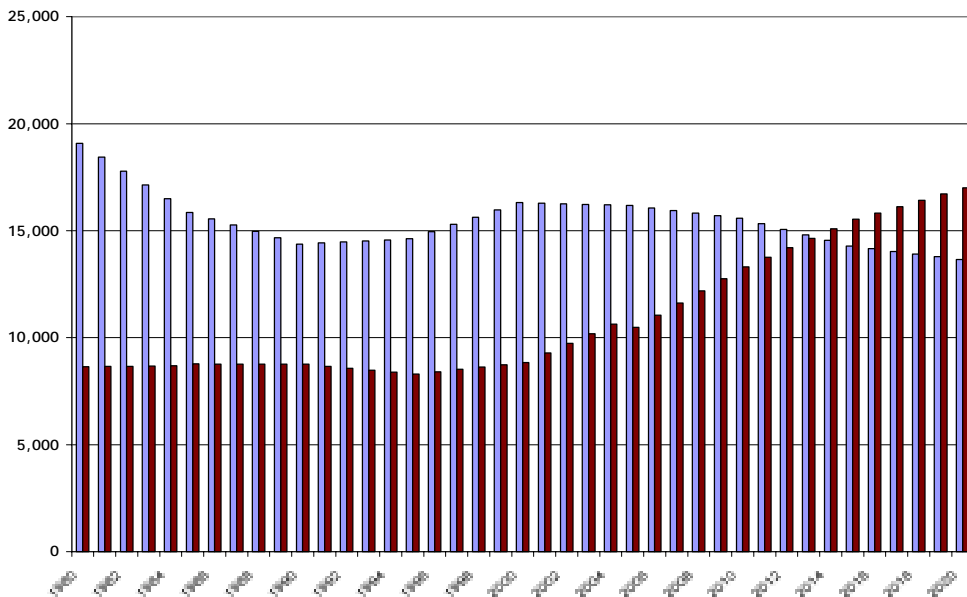
This next graph shows us the number of people in the northeastern portion of the State turning 65 years of age each year. The area does fine until the day after tomorrow. Then suddenly in 2002, the increase in the number of

Northeast Region  
65 Years of Age  
1980-2020



Northeast Region  
18 and 65 Year of Age  
1980-2020

18 yr olds  
65 yr olds



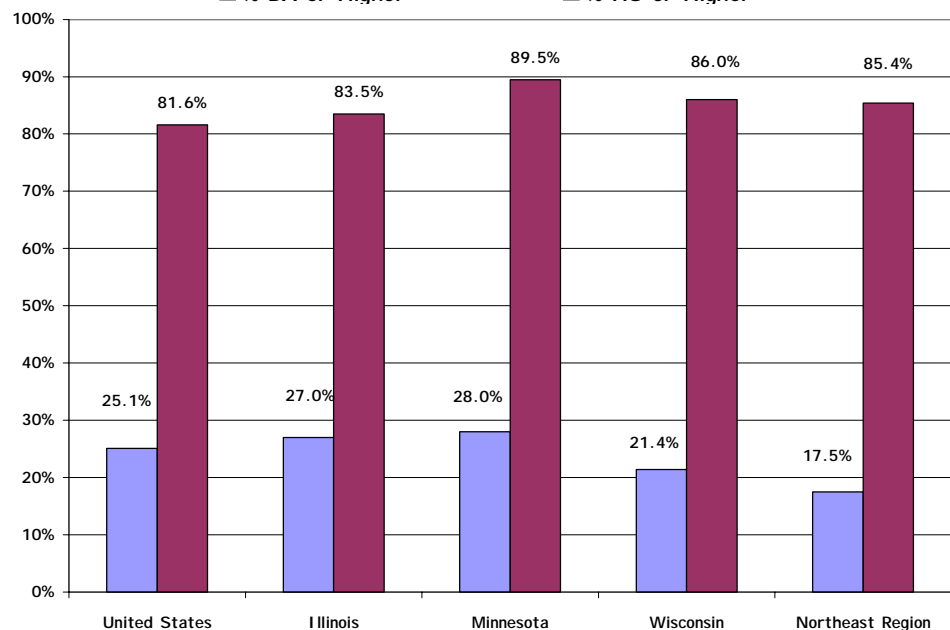
Source: U.S. Bureau of Census and WI Dept. of Administration

people turning 65 begins. And, it is great. Between 2001 and 2016 the number of people turning 65 in the area grows from about 9,000 to 17,000 each year. That means that in addition to new jobs that might open up from growth, there will be an additional 14,000 jobs each and every year the direct result of retirement. And by the way, if we don't have people trained to take the place of the retiring workers, the firms will move on to a place that does.

When we put these two graphs together they become more dramatic. We can see the squeeze really begins in about five years. And by the way, the northeast area looks as bad in this demographic change as does the State of Wisconsin. Complicating this graph is the fact that we're looking at demographic limits. We don't reach the limits, because our older workers retire before age 65, and our college graduates are leaving the state in alarming numbers as I mentioned earlier.

Educational Attainment-25 years of Age and Older

% BA or Higher  
% HS or Higher



Source: U.S. Bureau of Census, 2000

Here is a graph looking at the percentage of high school and then college graduates among 25 year old and older citizens for several geographic areas - the United States, Illinois, Minnesota, Wisconsin, and northeast Wisconsin. It is alarming that Wisconsin does so poorly at retaining college graduates, it is even

more alarming that we see the same thing occurring in northeast Wisconsin despite the fact that we have several colleges in the area, including two state universities and two two-year university campuses.

The next few graphs look at some of the reasons we are seeing these demographic developments. First is a graph looking at per capita income for the United States, for Illinois, for Minnesota, for Wisconsin and again for northeastern Wisconsin. Wisconsin lags behind the United States, but falls far short of Illinois and Minnesota. Although northeastern Wisconsin is very comparable to the State, both fall quite a bit short of our neighbor states of Illinois and Minnesota.

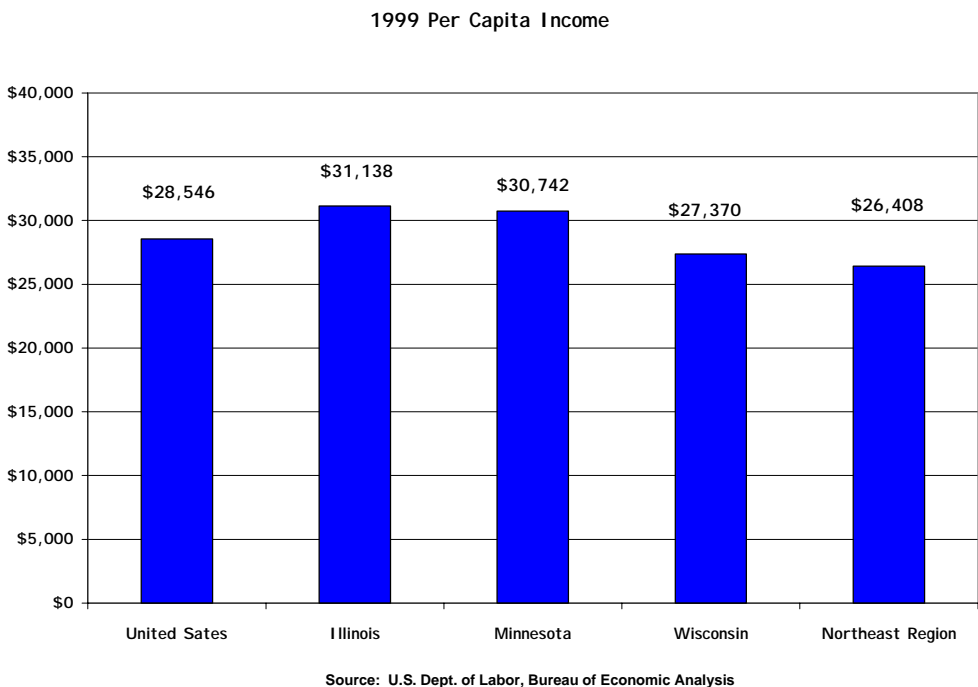
United States:	\$28,546	1.08
Illinois:	\$31,138	1.18
Minnesota:	\$30,742	1.16
Wisconsin:	\$27,370	1.04
NE Wisconsin:	\$26,408	1.00

Although many of us may reason that the cost of living is much higher in those other areas, that argument is a difficult sell to 22 year-old recent college graduates.

And, we see the same graphic when we look at average wages. By the way, the way Wisconsin residents catch up a little in income is by working more than one job.

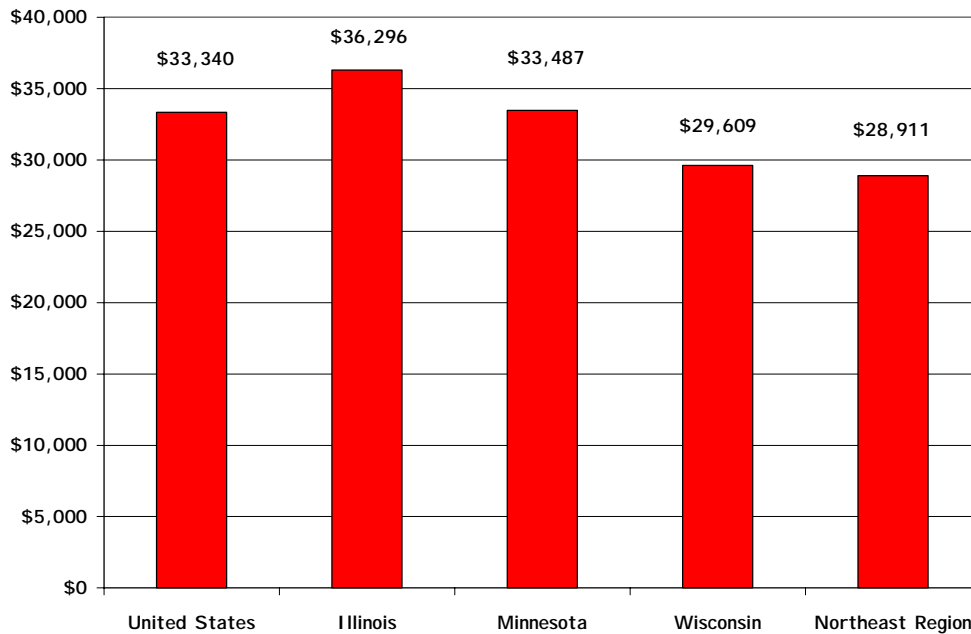
Let's change gears here for just a moment and look at where we work.

This graphic looks at where workers find their jobs. I want you to look at it a bit and then I'll make a couple of observations.



The northeastern area of the state has a quite strong presence in retail trade employment, with many of retail jobs aligning the Interstate highway system serving the Fox Cities and Green Bay area. It is also very strong in manufacturing, both durable goods manufacturing

1999 Annual Average Wage Earned-All Industries



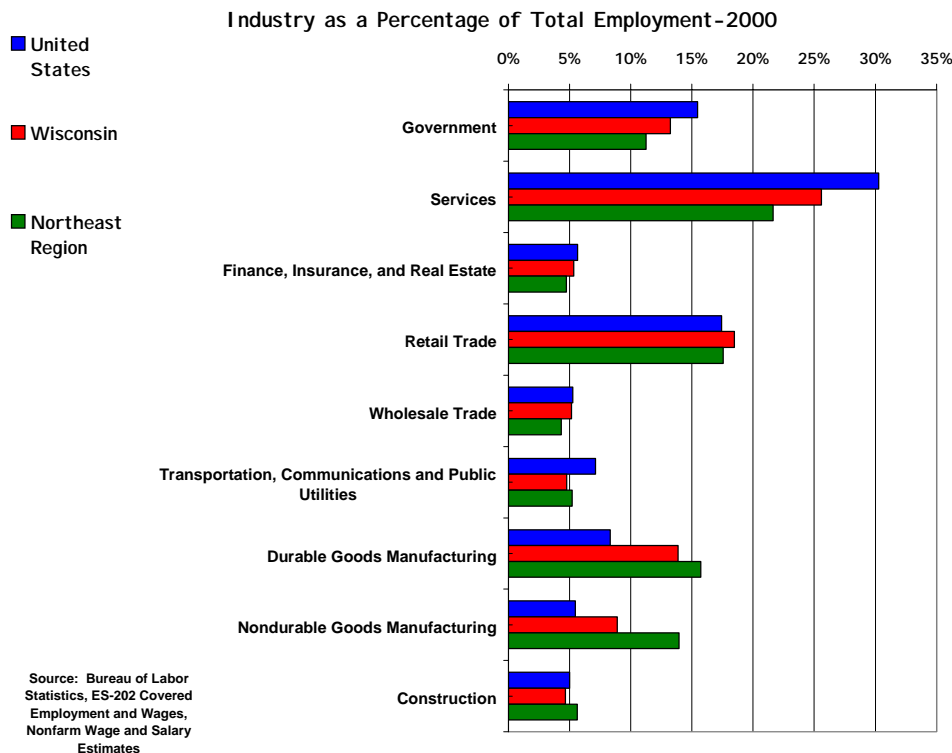
Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, 1999

and non-durable goods manufacturing.

It is an area fairly weak in services and government employment. It is rather surprising that it lags behind the U.S. in transportation, communications and public utilities, as it is quite strong in transportation because of the sizeable amount of product shipped out to other parts of the country. Construction is quite low in the area, which is also

rather surprising considering the fast population growth the area has been experiencing. I

would expect that would-be home owners and/or builders are quite exasperated trying to find contractors for projects they would like to undertake.



Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, Nonfarm Wage and Salary Estimates

The next two graphs explore the number of jobs per person in the area, for Wisconsin and for the U.S. for 1990, 1995, and 2000, and the ratio of the population employed. We can see the job growth for the area

was exceptionally strong for the 1990s. This resulted in a very high employment to population ratio for the area. This also points out that job growth will be very difficult to maintain without a considerable population growth, particularly in the 25 to 45 year old cohorts.

For many of the past several years, it has been estimated that Calumet County has one of the very highest labor force participation rates in the State.

